THE MINISTRY OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Yes, Sir. Foreign exchange reserves consistently increased every month during 1994-95 except for November and December, 1994 during which the level registered a marginal decline.

(b) India's foreign exchange reserves(including gold and SDRs) stood at US $ 23,790 million as on 31st January, 1995. The stock of foreign reserves at any point of time is the end result of various flows in both the current and capital account over the years. Inflows in the form of foreign investment direct and portolio, during 1991-92—1994-95 are as follows:

	Inflows under Foreign Investment (US $ million)			
	1991-92	1992-93	1993-94	1994-95 (April-Jan.)
A. Direct Investment	150	341	620	897
B. Portfolio Investment of which	8	92	3493	3211
FIIs	..	1	1665	1264
GDRs	..	86	1463	1727
Offshore funds & others	8	5	365	220

(c) and (d) Reserves cannot be attributed directly to any one component of inflows. However, portfolio investment is potentially mobile and can therefore put a strain on reserves. Actual inflows and outflows depend on many factors, including especially, perceptions regarding the macroeconomic fundamentals of the economy and confidence in economic management. The cumulative portfolio investments during the last four years however, constitute less than 30 per cent of gross foreign exchange reserves, which provides ample cushion against possible outflows.

Slashing of taxation rates and increase in ceilings

243. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether there has been any significant gain to the exchequer due to widening of the tax base;

(b) what is the percentage of loss due to slashing of taxation rates an increase in the ceilings;

(c) whether there is any proposa to bring the agriculture sector un der the tax net; and

(d) what are the apprehension compelling the Government to g slow on introducing VAT for bette tax compliance and smoother tax ac ministration?

THE MINISTER OF STATE IN TH MINISTRY OF FINANCE (SHRI M V. CHANDRASHEKHAR MURTHY (a) and (b) Direct taxes collectio have increased to Rs. 23,405 crore (Budget estimates) in 1994-95 compared to Rs. 10,706 crores in 199 91.

This substantial increase has bee achieved despite the reduction rates of tax and increase in exem tion limit over this period.

(c) There is no such proposal under consideration.

(d) A comprehensive central VAT cannot be introduced given the Constitutional powers of the Centre and the States in the field of indirect taxes. A group of State Finance Ministers are examining the suggestions made in regard to the introduction of VAT in India.

Expenditure incurred on subsidies in various sectors

244. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) what is the expenditure on subsidies in the various sectors in the past two years and what is their percentage share to the total;

(b) whether Government propose to phase out subsidies especially in power, petroleum/LPG, Public Distribution System and fertilizers; and

(c) whether continuation of subsidies contributes to growth in rate of inflation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Various subsidies, as given in Central Budget, and their percentage share to the total expenditure is as given in the table below:—

Subsidies in Central Budget

	1993-94 (R.E.)	1994-95 (B.E.)
	(Rs. crore)	
A. Major Subsidies	10300	8300
1. Food	5200	4000
2. Indigenous Fertilizer	3800	3500
3. Imported Fertilizer	600	500
4. Export promotion and Market Development	700	300
B. Debt Relief to Farmers	500	341
C. Other Subsidies	1600	822
Total Subsidies	12400	9463
	(as per cent of total expenditure)	
A. Major Subsidies	7.2	5.5
1. Food	3.6	2.6
2. Indigenous Fertilizer	2.6	2.3
3. Imported Fetlizer	0.4	0.3
4. Export promotion and Market Development	0.5	0.2
B. Debt Relief to Farmers	0.3	0.2
C. Other Subsidies.	1.1	0.5
TOTAL Subsidies:	8.6	6.2
TOTAL Expenditure	143872	151699